

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7030

BILL NUMBER: SB 349

NOTE PREPARED: Jan 4, 2007

BILL AMENDED:

SUBJECT: Worker's Compensation.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill increases worker's compensation for permanent partial impairment.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill increases the award for disability based on the degree of impairment.

| | FY 2008 | | FY 2009 | | FY 2010 | | FY 2011 | |
|---------|---------|----------|---------|----------|---------|----------|---------|----------|
| Degree | Current | Proposed | Current | Proposed | Current | Proposed | Current | Proposed |
| 1-10 | 1,340 | 1,573 | 1,365 | 1,730 | 1,380 | 1,903 | 1,400 | 2,093 |
| 11-35 | 1,545 | 1,815 | 1,570 | 1,997 | 1,585 | 2,197 | 1,600 | 2,417 |
| 36-50 | 2,475 | 2,904 | 2,525 | 3,194 | 2,600 | 3,513 | 2,700 | 3,864 |
| Over 50 | 3,150 | 3,630 | 3,200 | 3,993 | 3,300 | 4,392 | 3,500 | 4,831 |

The percentage increase in the degree of impairment awards is about 17% for FY 2008, 26% for FY 2009, 36% for FY 2010, and 43% for FY 2011.

The bill also increases the average weekly wage used in the determination of compensation for permanent partial impairment from \$954 to \$1,116 for FY 2009, and from \$975 to \$1,339 for FY 2010.

It is difficult to determine the potential cost of these changes. An actuarial analysis of these changes will be performed by the National Council on Compensation Insurance (NCCI). [Note: The results of the actuarial

analysis are not currently available. The note will be updated when NCCI finishes their analysis.]

According to the Indiana Compensation Rating Bureau, premiums decreased by 3.2% for 2007, increased 2.2% for 2006, and increased by 3.2% for 2005. Premiums for worker's compensation for 2005 were about \$829 M.

The impact on the state would be as a self-insured employer. For FY 2006, the state paid about \$2.3 M in worker's compensation benefits, \$2.7 M in FY 2005, and \$2.5 M in FY 2004.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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